

Blue Ribbon Commission on Transportation Revenue Committee

Meeting Summary December 14, 1998

AMENDED and APPROVED January 14, 1999

Committee members present: Roger Dormaier, Governor Booth Gardner, Robert Helsell, Representative Ed Murray, Dale Nusbaum, Neil Peterson, Larry Pursley, Skip Rowley, Commissioner Judy Wilson

Committee members absent: Councilmember Dave Earling, Senator Eugene Prince

Steering Committee members present: Doug Beighle, Senator Valoria Loveland

The Revenue Committee convened at 12 noon. Chairman Skip Rowley opened the meeting and asked for any comments on the November 17 meeting summary. The adoption of the meeting summary was moved and seconded and committee members approved it unanimously.

Discussion of Morning's Briefings

Discussion ensued about the morning's presentations on state and local transportation revenues and budgeting.

A number of committee members commented that the state financial presentation had demonstrated that the fund and account structure has too many "buckets" of money. The process is too complex and needs simplifying for the public to get behind future transportation revenue increases. Each of the accounts requires administration and creates costly overhead. It was commented that the private sector believes project funding simply comes together as necessary, but in reality the public sector is a bottom up decision process which is why there are so many separate "buckets" of money. There is an interest groups or constituency for each bucket.

It was also noted that enormous cost is expended in each level of government negotiating the amounts to be received from each bucket but there is never enough money in any single bucket. Many times a jurisdiction applies for funds from a bucket simply because there is money in it. Then a project gets built that is not necessarily the highest priority. This in turn causes the public to lose faith in the system.

A committee member asked whether it is the committee's charge to revise the structure of funding or simply to look for ways to generate new revenues. It was commented that the buckets could never be

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changed enough to meet the need. On the other hand, it is not possible simply to raise the gas tax. There is need for a system people can trust.

It was pointed out that the Puget Sound Regional Council has released a study showing that while \$1.8 billion is spent annually by the public on all transportation modes in the region, people spend almost \$22 billion annually on transportation-related expenditures - automobiles, gasoline, transit, air travel, etc. The study shows that 20% of personal disposable income is spent on transportation. Members asked for a presentation from PSRC about the study. A member asked for more information about rural issues as well.

One member noted that part of the problem is the empty miles of travel and the need for better utilization of equipment. It would be useful to have data on cost per mile and productivity, especially of transit. Buses often sit empty during non-commute hours. However, it was noted, it is precisely the goal of Commute Trip Reduction (CTR) to have the highest utilization during commute times.

A committee member asked that the committee explore changing the 18th amendment, which restricts the expenditure of state gas tax money for "highway purposes." It was commented that changing the 18th amendment requires a state constitutional amendment, a two-thirds vote of the legislature and a simple majority of the state's voters, and that alternatives to that should be explored.

It was commented that the state cannot build its way out of congestion when we have not even fully funded preservation at all levels. The public has not seen the connection between funding and system maintenance. One suggestion floated has been to use existing gas tax funds for preservation only and any new funds for capital construction. Another suggestion has been the reclassification of roads with changed jurisdictional responsibility. A member suggested a maintenance endowment, and that some city streets should be made state roads at least for maintenance purposes. It was also suggested that perhaps counties should contract to perform more maintenance work for small cities.

Other groups it would be useful to hear from are the Association of Washington Cities and the Washington State Association of Counties to ask how they would like to receive state money and what local options work and why. Some counties for example feel they will not benefit from the Referendum 49 expenditures. Often there is a problem getting cities and other local governments to talk to each other. Each jurisdiction has different priorities and often cannot think regionally.

A committee member asked that the committee hear more about tolls. The state has a history with this issue in recent years. Another member asked that congestion pricing be looked at. It was commented that innovative ideas were being tried elsewhere, and that the committee should review those ideas.

A committee member suggested that an RTA-type (regional) transportation agency be examined for roads in Puget Sound. There was a comment that to avoid yet another layer of government, perhaps the existing RTA should be a transportation agency and not simply a transit agency.

A question was raised about the transit agencies' MVET allocations that are returned to the general fund and whether there are other such funding areas. An example cited was the sales tax on construction projects that is paid out of transportation money and then flows to the general fund. Could that sales tax be eliminated? It was noted that if sales tax were removed from state projects it would also have to be removed from federal projects. Washington is one of only three states that rely so heavily on the sales tax. This puts the state at a disadvantage in negotiating with the federal government. Critical issues in evaluating changes to the funding system will be fairness, predictability and equity of any proposals.

Topic Selection for Committee Work in 1999

The committee then listed the areas members tentatively want to explore as their work program for 1999. Some issues may overlap with other committees and these will be discussed by the chairs by the next meeting. The following topics were identified:

- The fund and account structure (funding “buckets”)
- Transit productivity
- MVET distribution to transit
- Total system costs
- The 18th amendment to the state constitution
- City and county needs and funding levels
- City and county coordination
- Local option taxes
- Tolls
- Congestion pricing
- Ideas from other states and countries
- Gas tax and its distribution
- Reallocation of taxes paid on transportation projects
- Equity issues

Scheduling

Committee members discussed preferred meeting dates and times and agreed to meet on the third Tuesday of each month, beginning in February, from 8:30 am to 12 noon.

The committee adjourned at 1:25 p.m.